

during the past few years of restrictions against dollar goods which, in turn, has facilitated Canadian sales in these markets. Within the past year, there has been a deterioration in the balance of payments position of the United Kingdom, but this situation is being met without the reimposition of additional import controls. Hence, Canada's trade with the United Kingdom is not likely to be seriously affected.

Rising economic activity in the United States has, of course, brought about an increase in Canadian exports to that country. In the earlier part of 1954, lower sales of farm products, particularly coarse grains, partially offset the rise in shipments of forest and mineral products. The advantageous effects of the economic upswing in the United States became more apparent as the year progressed, and in recent months this market has accounted for the major portion of the increase in total Canadian exports. The great bulk of the production coming from newly created capacity in mineral and forest product industries is being marketed in the United States.

Imports have risen even more rapidly than exports. While the increase in exports has been about equally divided between Sterling countries and the United States, more than four-fifths of the increase in imports in 1955 has come from the United States. Purchases from the United Kingdom have held at about the 1954 level, while those from other Sterling countries are moderately higher. Strikes in British transport industries and the buoyancy of the United Kingdom home market and of other non-dollar markets are two factors which have had an adverse effect on the flow of British goods to Canada. Recently there have been indications of a pick-up in the volume of imports from the United Kingdom.

Capital Investment

Even at the beginning of the year capital investment plans, covering all types of plant and equipment and housing, called for a sizeable increase from the level of outlays in 1954. As markets strengthened and pressure for more output developed, investment programs were revised upward. A preliminary estimate indicates that total capital outlays for the year have exceeded the \$6 billion mark, compared with \$5.5 billion in 1954 and \$5.8 billion in 1953, the previous peak year.

Much of the increase is attributable to substantial higher outlays for home building, which now comprises almost one-quarter of total capital investment. It is estimated that 126,000 new dwelling units have been completed in 1955, up from 102,000 in 1954, the previous record. In addition, there is a much larger carry-over of unfinished dwellings at the end of the year.

Mineral and forest products industries expanded more rapidly in response to the pressure of demand. So did a number of utilities. There was an increase from 1954 in spending for institutional buildings and for government investment projects.

Most of the increase in capital outlays during 1955 has been spent on new construction of one kind or another, which has meant an exceptionally busy year for contractors and suppliers. Outlays for machinery and equipment